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# Principles for Climate-Related Financial Risk Management for Large Financial Institutions: Federal Banking Agencies Announce Withdrawal

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The federal banking agencies announced the withdrawal of interagency “Principles for Climate-Related Financial Risk Management for Large Financial Institutions” (“Principles”).

The federal banking agencies include:

- Office of the Comptroller of the Currency.
- Treasury.
- Board of Governors of the Federal Reserve System.
- Federal Deposit Insurance Corporation.

(Collectively, “Federal Agencies”).

The Principles were adopted in 2023 and intended for financial institutions with more than \$100 billion in assets. They provided guidance addressing:

- How large banks should manage climate-related risks and protect broader financial stability.
- Net-zero commitments and climate scenario analysis.

General climate-related financial risk management practices were provided with respect to a financial institution’s:

- Governance.
- Policies.
- Procedures.
- Limits.
- Strategic planning.
- Risk management.
- Data.
- Risk measurement.
- Reporting.
- Scenario analysis.

In rescinding the Principles, the Federal Agencies state that existing safety and soundness standards require all insured depository institutions to have effective risk management processes commensurate with the size, complexity, and risk of their activities. Further, they state that financial institutions of all

sizes are expected to consider and appropriately address all material risk in their operating environment and should be resilient to a range of risk which include emergency risk.

As a result, they conclude that the Principles are not necessary and are:

...concerned that such principles could distract from the management of other potential risks identified and addressed by financial institutions' existing risk management processes and the agencies' other risk management rules and guidance.

A copy of the Federal Agencies' notice rescinding the Principles can be downloaded [here](#).